

PUBLIC DISCLOSURE

AUGUST 27, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SLADE'S FERRY TRUST COMPANY

100 SLADE'S FERRY AVENUE
SOMERSET, MA 02726

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **SLADE'S FERRY TRUST COMPANY** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **AUGUST 27, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Slade's Ferry Trust Company's overall CRA rating reflects its commitment in helping to meet the credit needs within its assessment area. The bank was evaluated under three performance criteria of the CRA Large Institution Examination Procedures including the Lending, Investment and Service tests. The scope of the exam covered performance during the time period Calendar Year 2000, 2001, and year-to-date 2002.

The Lending Test analyzed the bank's lending to businesses with gross annual revenues of \$1 million or less, and reviewed loan penetration within major geographies in the assessment area. Analysis of residential loans originated by the bank within the various geographies indicates the majority of the census tracts were penetrated which enhanced the bank's performance.

The Investment Test reflects the bank's support of community development through its participation in qualified investments, mostly through donations to non-profit organizations which support affordable housing and community and economic development within the assessment area.

The Service Test indicates that the bank's delivery systems are convenient and accessible to all segments of the assessment area. Low- and moderate-income residents and individuals within the assessment area who speak languages other than English also benefit from the bank's services. The bank has provided a good level of community development services within its assessment area and has taken a leading role in its participation with organizations that promote community development.

The institution's rating of "Satisfactory" is based upon its record of ascertaining and helping to meet the credit needs within the entire assessment area in a manner consistent with the bank's resources and capabilities. The individual ratings assigned to the three primary test areas present a more detailed representation of the bank's CRA performance.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of Slade's Ferry Trust Company, Somerset, Massachusetts, with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Slade's Ferry Trust Company			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Satisfactory	X	X	X
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Slade's Ferry Trust Company (SFTC) is a \$399.8 million commercial bank headquartered at 100 Slade's Ferry Avenue in Somerset, Massachusetts. SFTC is a wholly-owned subsidiary of Slade's Ferry Bancorp, a one-bank holding company. The bank has four wholly-owned subsidiaries that include: Slade's Ferry Realty Trust, which was formed to hold bank-owned real estate; Slade's Ferry Securities Corporation, which was established to hold securities; Slade's Ferry Preferred Capital Corporation, a real estate investment trust established to hold real estate mortgage loans; and Slade's Ferry Loan Company, which operates a loan production office in Warwick, Rhode Island.

In addition to the main office, the bank operates ten full-service branch offices: one each in Fairhaven, North Somerset, and Seekonk; two each in New Bedford and Swansea; and three in Fall River. The bank also operates a school branch office located in the Somerset High School, which serves primarily as a training facility for students in the school's business programs. This branch provides limited banking services for students, faculty and staff. All branch offices are located in Bristol County.

Consistent with its commercial bank origins, SFTC is primarily a commercial lender. As shown by the data in the following table, loans secured by commercial real estate account for 46.8 percent of the bank's \$256.4 million in outstanding loans.

Loan Distribution as of June 30, 2002		
Loan Type	Dollar Amount \$(000)	Percent (%)
Secured by:		
Construction and Land Development	11,807	4.6
1-4 Family Residential Properties	49,653	19.4
Multi Family (5 or more) Residential Properties	25,894	10.1
Nonfarm Nonresidential Properties	119,989	46.8
Commercial and Industrial Loans	39,588	15.4
Consumer Loans	8,461	3.3
Other Loans	994	0.4
Total	256,386	100.0

Source: Report of Condition

An analysis of SFTC's loan-to-assets was conducted. The bank's FFIEC Call Report data were utilized to determine the average loan-to-asset ratio for the last eight quarterly time periods, beginning September 30, 2000 through June 30, 2002. The data indicated that the net loan-to-asset ratio for that period averaged 56.1 percent. The average net loan-to-deposit ratio for the same period was 73.5 percent. The bank is funding its lending activities mainly through deposit growth. The bank's deposits increased 6.4 percent during the review period. Total assets increased more than 8.5 percent for the same period. In general, loans are originated for the bank's portfolio and are not sold on the secondary market.

SFTC offers commercial, real estate, and consumer credit products. These products include, but are not limited to, the following: small business loans; residential mortgages with terms of up to 30 years; construction loans; first time homebuyer loan products; specialized loans for low-and moderate- income borrowers; automobile loans; credit cards; home improvement loans; home equity loans; home equity lines of credit; home improvement loans; secured and unsecured personal loans; commercial real estate loans; commercial lines of credit; corporate business loans and SBA loans.

Additional information regarding credit products designed for low- and moderate-income loan applicants is provided later in this evaluation.

The bank has an eight-member CRA Committee that meets twice annually. The committee is comprised of the Chairman of the Board, the CRA officer, and six other bank managers.

The CRA Committee is responsible for reviewing and overseeing the bank's efforts in complying with both the letter and spirit of the Community Reinvestment Act as well as the review of the bank's geographic distribution of loans and issues concerning employee training.

The Commonwealth of Massachusetts last examined the bank for compliance with CRA on July 13, 1999. The examination resulted in an overall rating of "High Satisfactory". The Federal Deposit Insurance Corporation (FDIC) examined the bank for compliance with CRA on August 17, 2000. A CRA rating of "Satisfactory" was given at that time. The current performance evaluation is based upon the bank's lending for calendar years 2000, 2001 and year-to-date 2002. Calendar year 2000 HMDA data is presented along with the 2000 aggregate data for institutions that originated and purchased loans in 2000, the latest available year for aggregate data. Comparisons will also be made to 1990 census data for owner-occupied households as well as all households. Residential real estate home purchases were strong in 2000 and refinances were robust in 2001 when interest rates were declining. However, greater weight will be given to the bank's performance for small business lending versus residential real estate lending due to the bank's primary focus on non-residential lending. Small business lending comparisons will be made to business demographic data as well as aggregate business data for the year 2000.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

The bank has defined an assessment area in accordance with the requirements of the Massachusetts Community Reinvestment Act, 209 CMR 46.00. The Community Reinvestment Act requires financial institutions to identify an assessment area in which they intend to focus their lending efforts and in which performance will be evaluated. The bank has defined its assessment area as the following municipalities located in the New Bedford Metropolitan Statistical Area (MSA) including: the City of New Bedford, the Towns of Acushnet, Dartmouth, Fairhaven, Mattapoisett and Rochester; and the municipalities located in the Providence-Fall River MSA including the City of Fall River and the Towns of Seekonk, Somerset, Swansea, and Westport all located in Massachusetts, and the Town of Tiverton, Rhode Island.

The 1990 median family incomes for the Providence-Fall River and New Bedford MSAs were \$38,773 and \$33,927, respectively. The median family income for the assessment area in 1990 was \$34,832. Based on these figures, the bank's assessment area is slightly more affluent than the New Bedford MSA average, which has the lowest median family income in the state. The 1990 MSA income figures were used to determine the income level category for each census tract in the MSA. The income levels for individuals are determined using estimates provided by the Department of Housing and Urban Development (HUD). The HUD estimates of individual income levels are adjusted annually. The HUD adjusted median income figures for the Providence-Fall River MSA for 2000, 2001 and 2002, were \$49,800, \$52,800 and \$54,100, respectively. The HUD adjusted median income figures for the New Bedford MSA for 2000, 2001 and 2002, were \$43,600, \$46,300 and \$47,500, respectively.

The 1990 U.S. Census indicates that there are 138,238 housing units in the bank's assessment area, which is comprised of 79 census tracts.

The assessment area's housing stock is comprised of 40.8 percent single-family units, 41.7 percent two to four-family units, 16.4 percent multi-family units, and 1.1 percent mobile home or other housing units. Of the total occupied housing units, 51.8 percent were owner-occupied and 40.6 percent were rental units. The Fall River and New Bedford areas provided the highest rate of multi-family properties, with more than 70.0 percent of such units concentrated in these areas.

According to real estate housing statistics for home sales within the assessment area, for the five-year period beginning January 1997 through December 2001, the average sales

price increased more than 48 percent. Refer to the following table for additional information.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
<i>Geographic Income Category</i>	<i>Percentage</i>						<i>Median Home Value</i>
	<i>Census Tracts</i>	<i>House- Holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>	
Low	2.5	1.2	1.2	0.3	2.1	1.6	0.0
Moderate	36.7	33.3	33.6	15.7	55.9	36.7	111,697
Middle	46.9	51.5	51.0	63.0	37.0	45.0	127,336
Upper	11.4	14.0	14.2	21.0	5.0	16.7	171,179
NA	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	124,568

Source: 1990 U.S. Census

Housing demographics show that the two low-income census tracts have a very low amount of housing units. The moderate-income census tracts have a lower percentage of owner-occupied units compared to the middle- and upper-income tracts. The majority of the bank's assessment area is made up of moderate- and middle-income census tracts.

The assessment area's population is made up of 127,604 households. Of the total households 28.7 percent are low income, 14.5 percent are moderate-income, 18.7 percent are middle-income, and 38.1 percent are upper-income. In addition, 12.7 percent of all the households in the assessment area are below the poverty level.

Census tracts are also classified according to income. The assessment area contains a total of 79 census tracts, two of which are classified as low-income, 29 as moderate-income; 37 as middle-income, 9 as upper-income and 2 as NA.

Of the 2 low-income census tracts one is located in Fall River and the other is located in New Bedford. The census tract in Fall River has a total of 335 housing units, 98 percent of which are rental and 10 percent of the population resides in group quarters. The low-income census tract in New Bedford has a total of 1,289 housing units, 75 percent of which are rental.

Of the 29 moderate-income census tracts, 16 are located in the City of Fall River and 13 are in the City of New Bedford

The bank's assessment area also has a large commercial base. According to the 2000 Business Geo-demographic Data from CRA Wiz Software, there are 12,481 business establishments operating within the assessment area. The businesses are heavily

concentrated in the retail trade and service industries, which represent 39 percent and 24 percent of total business establishments, respectively. Approximately 86.2 percent of the businesses have gross annual revenues under \$1 million.

The bank is operating in a highly competitive market. Based on 2000 Home Mortgage Disclosure Act aggregate data, there were 318 HMDA reporters that originated at least one home mortgage loan in the bank's assessment area. Competitors include mortgage companies, credit unions, and banks of various size. The bank's strongest competitors are several large, locally based banks and credit unions with their own strong "hometown" presence. The majority of these banks and credit unions have a strong presence throughout the assessment area and are aggressively lending in Fall River and New Bedford, where the low-income and moderate-income census tracts are concentrated. These local competitors include Compass Bank, Bank of Fall River, Fall River Five Cents Savings Bank, Fall River Municipal Credit Union, and St. Anne's Credit Union. In addition, three of the larger financial institutions in the vicinity have branches located in the twelve municipalities that comprise the assessment area. Fleet Bank maintains branch locations in nine of the twelve municipalities. Compass Bank for Savings has branches in eight of the municipalities. First Federal Savings Bank of America has branches in six of the municipalities.

Community Contact

A community representative was contacted during this evaluation to gain information about the assessment area and to identify different credit needs of the area. The contact stated that financing for the purchase and/or renovation of multifamily properties was needed. In addition, the contact stated that affordable loan programs with lower down payment and closing costs were needed as potential homebuyers found it difficult to come up with these required costs. The contact also stated that all of the area banks are very involved in addressing the credit needs of the local area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

The review period of CRA loans (including small business and community development loans) was January 1, 2000 through July 16, 2002. The review of HMDA loans was for the period January 1, 2000 through August 27, 2002. For comparison purposes, the aggregate information consisted of loans originated and purchased by all HMDA reporters within the assessment area for Calendar Year 2000.

I. Lending Activity

Data regarding SFTC's small business and residential mortgage lending was reviewed to determine the concentration of loans originated and purchased within the bank's assessment area. CRA lending data regarding small business lending was obtained from loan origination information provided by the bank under a format specified by CRA regulations. Residential lending data were obtained from SFTC's Loan Application Registers (LAR) filed under the provisions of the Home Mortgage Disclosure Act (HMDA).

Small Business Loans

The bank originated 674 small business loans for a total dollar amount of \$85,282,000. Of the total small business loans 80.3 percent of the total number were originated within the assessment area and 79.1 percent of the dollar volume was originated within the assessment area.

The following table indicates the bank's distribution of small business loans by number and dollar volume.

<i>Distribution of Small Business Loans Inside and Outside of the Assessment Area</i>								
Year	<i>Inside</i>				<i>Outside</i>			
	Number of Loans		Dollars in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2000	169	78.6	17,178	70.7	46	21.4	7,123	29.3
2001	273	83.2	38,224	85.5	55	16.8	6,471	14.5
2002*	99	75.6	12,038	74.0	32	24.4	4,228	26.0
Total	541	80.3	67,440	79.1	133	19.7	17,822	20.9

Source: CRA Data Collection *First Quarter 2002

The preceding table indicates that lending within the assessment area remained consistent throughout the review period.

HMDA Loans

The bank originated 419 HMDA-reportable loans totaling \$54.4 million. As the following table indicates, the majority of home mortgage loans were originated within the assessment area. Of the total HMDA loans originated during this period, 349 or 83.3 percent by number and 75.0 percent by dollar volume, were granted within the bank's assessment area. Although both the number and dollar volume of the bank's loans are considered, the number of loans originated is weighed more heavily than the dollar volume. The bank's lending within the assessment area remained at a consistently high level throughout the review period.

<i>Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area</i>								
Year	<i>Inside</i>				<i>Outside</i>			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2000	94	82.5	8,293	64.1	20	17.5	4,648	35.9
2001	148	84.1	18,204	75.6	28	15.9	5,867	24.4
2002*	107	82.9	14,321	82.4	22	17.1	3,067	17.6
Total	349	83.3	40,818	75.0	70	16.7	13,582	25.0

Source: HMDA LAR, Cra Wiz * Year-to-Date

Of the 318 lenders that originated and purchased HMDA-reportable loans within the assessment area in 2000, the bank ranked 22nd with 1 percent market share. Sovereign Bank had the largest market share with 24.0 percent and Compass Bank ranked second with a market share of 8.0 percent. SFTC does not report its equity loans or equity lines of credit. The home equity lending data cannot be isolated from the other mortgage lending data. Therefore the aggregate totals may include the optional equity loan reporting by some lenders.

The bank's lending volume increased during 2001, mostly due to refinanced loans as a result of lower interest rates. The bank's effort to generate loans within the assessment area and the aggregate figures were evaluated by using originated and purchased loan figures.

II. Geographic Distribution

SFTC's penetration of census tracts of different income levels for small business and HMDA loans is considered good. Loans in both categories were analyzed to determine the extent of loan penetration within the assessment area's low- and moderate-income geographies. For this evaluation period, the bank has made at least one loan in most of the area's census tracts.

Small Business Loans

The distribution analysis of the bank's lending to small businesses located within the assessment area's low- and moderate-income tracts indicates that the number of loans originated by the bank, by percentage, is proportionate to the percentage of small businesses located within these geographies. Of the 58 institutions that originated small business loans within the assessment area in 2000, the bank ranked 10th in loan volume.

<i>Distribution of Small Business Loans by Income Category of the Census Tract</i>									
<i>Census Tract Income Level</i>	<i>% of Total Number of Small Businesses</i>	<i>2000</i>		<i>2001</i>		<i>2002</i>		<i>Total</i>	
		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low	3.4	7	4.2	10	3.7	3	3.0	20	3.7
Moderate	28.6	49	29.0	71	26.0	26	26.0	146	26.9
Middle	50.4	80	47.3	148	54.2	54	55.0	282	52.2
Upper	17.6	33	19.5	44	16.1	16	16.0	93	17.2
Total	100.00	169	100.0	273	100.0	99	100.0	541	100.0

Source: CRA data collection, CRA Aggregate Lending Data

HMDA Loans

The distribution of the bank's HMDA-reportable loans originated within the assessment area's low-and moderate-income census tracts are at a higher level than the aggregate, as

indicated in the table illustrated below. Of all the HMDA reporters that made loans in the assessment area in 2000, the bank ranked 19th in loans originated in low-income census tracts and 17th in loans originated in moderate-income census tracts. In addition, the overall rate of lending in low- and moderate-income census tracts for the period is at a higher level than the owner-occupancy rate within the assessment area. SFTC's lending performance, especially in moderate-income census tracts, is an indication of its commitment to originating loans within this area. It is further noted that the concentration of owner-occupied housing units is within the middle-income census tracts and loan distribution of the bank as well as the aggregate appropriately reflects this.

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>										
<i>Census Tract Income Level</i>	<i>% Total Owner- Occupied Housing Units</i>	<i>2000 Aggregate Lending Data (% of #)</i>	<i>2000</i>		<i>2001</i>		<i>2002*</i>		<i>Total</i>	
			<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low	0.3	0.5	1	1.1	0	0.0	0	0.0	1	0.3
Moderate	15.7	14.7	22	23.4	40	27.0	27	25.2	89	25.5
Middle	63.0	62.1	65	69.1	95	64.2	66	61.7	226	64.8
Upper	21.0	22.7	6	6.4	13	8.8	14	13.1	33	9.4
Total	100.0	100.0	94	100.0	148	100.0	107	100.0	349	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

II. Borrower Characteristics

Small Business Loans

A review of the bank's small business data indicated that the majority of small business loans originated during the period reviewed, were granted to businesses with gross annual revenues of less than \$1 million. The percentage of loans to businesses with revenues of \$1 million or less increased in 2001. Of the 542 loans originated by SFTC, 70.8 percent were originated to businesses with gross annual revenues of less than \$1 million. This percentage is considered reasonable since 86.2 percent of the 12,481 small businesses within the assessment area have gross annual revenues of less than \$1 million. The amount of small business loans by dollar amount indicates that 53.5 percent of the dollars have gone to businesses with revenues of more than \$1 million. This percentage has remained relatively constant since the previous CRA examination.

<i>Distribution of Small Business Loans by Gross Annual Revenues of Business</i>								
Gross Annual Revenues (000s)	2000		2001		2002*		Total	
	#	%	#	%	#	%	#	%
<= \$1,000	114	67.5	200	73.3	69	70.0	383	70.8
> \$1,000	55	32.5	73	26.7	28	28.0	156	28.8
NA	0	0.0	0	0.0	2	2.0	2	0.4
Total	169	100.0	273	100.0	99	100.0	541	100.0

Source: CRA Data Collection

<i>Distribution of Small Business Loans by Gross Annual Revenues of Business</i>								
Gross Annual Revenues (000s)	2000		2001		2002*		Total	
	\$	%	\$	%	\$	%	\$	%
<= \$1,000	7,818	45.5	20,394	53.4	6,473	63.0	34,685	51.4
> \$1,000	9,360	54.5	17,830	46.6	4,910	32.7	32,100	47.6
NA	0	0	0	0	655	4.3	655	10.
Total	17,178	100.0	38,224	100.0	12,038	100.0	67,440	100.0

Source: CRA Data Collection

The distribution of small business loans by loan size was analyzed. SFTC originated a majority of small business loans, by number, in dollar amounts of less than \$100,000. The bank's origination of loans in amounts less than or equal to \$100,000 has been consistent throughout the period reviewed. This level of lending in loan sizes of less than \$100,000 reflects the bank's commitment to serving the credit needs of smaller businesses within the assessment area. Refer to the following table.

<i>Distribution of Small Business Loans by Loan Size</i>								
Loan Size (000s)	2000		2001		2002*		Total	
	#	%	#	%	#	%	#	%
< \$100	117	69.2	183	67.0	67	67.7	367	67.8
\$100 - \$250	31	18.3	47	17.2	20	20.2	98	18.1
> \$250 - \$1,000	21	12.5	43	15.8	12	12.1	76	14.1
Total	169	100.0	273	100.0	99	100.0	542	100.0

Source: CRA Data Collection

HMDA Loans

It is noted that the information pertaining to borrower income was not reported for a major portion of the bank's residential loan applicants. This was due to the large percentage of loans secured by multi-family dwellings, investment real estate loans, and savings-secured home improvement loans for which borrower income disclosure is not required for HMDA reporting purposes. Therefore, these loans were not included in the income calculations

for either the bank's or the aggregate lenders' data. Due to this adjustment less weight was ascribed to the analysis of borrower income level.

To establish the ranges for the four income categories, the Department of Housing and Urban Development's (HUD) estimated median family income figures were used. These estimates are based on the 1990 census data and adjusted annually for inflation and other economic influences. The cities and towns within the assessment area are located within the Providence-Fall River and The New Bedford MSAs. For this analysis each community was analyzed using the appropriate median family income. The following table depicts the loan distribution of the bank and the 2000 aggregate lending data by number. Also indicated is the percentage of households within each income category.

<i>Distribution of HMDA Loans by Borrower Income</i>										
<i>Median Family Income Level</i>	<i>% Total Households¹</i>	<i>2000 Aggregate Lending Data (% of #)</i>	<i>2000</i>		<i>2001</i>		<i>2002*</i>		<i>Total</i>	
			<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low	28.7	4.6	2	3.8	6	6.5	1	1.4	9	4.1
Moderate	14.5	15.9	9	17.0	13	14.1	8	11.0	30	13.8
Middle	18.7	31.6	16	30.2	28	30.4	16	21.9	60	27.5
Upper	38.1	47.9	26	49.0	45	49.0	48	65.7	119	54.6
Total	100.0	100.0	53	100.0	92	100.0	73	100.0	218	100.0

Source: HMDA LAR, HMDA Aggregate Data ¹U.S. Census, * Year-to-Date

While the overall concentration of SFTC's residential mortgage loans is higher among upper-income borrowers, the bank's 2000 loan distribution is similar to that of the aggregate. The number of loans made to low- and moderate-income borrowers is within a reasonable level when compared to the aggregate. Although the loans to low-income individuals are proportionately lower than the 28.7 percent of low-income households, the penetration is considered reasonable since approximately 12.7 percent of the 127,604 households within the assessment area are below the poverty level and could not afford the costs associated with homeownership.

IV. Community Development Lending

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low- and moderate-income geographies.

Slade's Ferry Trust Company has exhibited some involvement under the community development lending criterion. Since June 2000, the bank provided five community

development loans, for a total dollar amount of \$4.8 million. The following is a summary of loans to non-profit organizations within the assessment area.

- In 2000, the bank provided three working capital loans totaling \$260,000 to a non-profit organization in Fairhaven that provides nursing aid to families, elderly individuals, and free hospice for individuals who are unable to pay.
- In November 2001, the bank granted a \$1 million real estate construction loan to a non-profit organization that provides social, educational, and recreational services to youth of Greater New Bedford.
- In April 2002, the bank provided a \$3.5 million commercial mortgage to a non-profit health care and social service agency which is located in Fall River. This agency provides a wide range of primary health care, and substance abuse treatment services to people throughout Southeastern Massachusetts and Rhode Island.

The following loans are worthy of mention because they meet a community development purpose. Although these loans received credit elsewhere in the lending test as small business loans, they do not meet the community development loan definition. Nevertheless, they deserve special mention due to their community development nature.

- In February 2001, the bank granted a business installment loan and a secured line of credit totaling \$800,000 to a non-profit child and family service organization in a moderate-income section of New Bedford.
- In January 2001, the bank renewed a \$400,000 real estate secured business line of credit to a non-profit health service organization located in Fairhaven. In August 2001, the bank provided a \$265,000 business real estate loan to this organization.

• Additionally, the bank, through its participation in the Downtown New Bedford Incorporated Program, renewed its \$1 million commitment in February 2001 and March 2002 toward a fund dedicated to the revitalization of downtown New Bedford. This Tier One Business Loan Program works with local financial institutions and city government to help fund viable businesses and real estate projects. These loans are discussed below under Innovative or Flexible Lending Practices..

V. Innovative or Flexible Lending Practices

Slade's Ferry Trust Company has developed or participated in innovative and flexible lending programs designed to help meet the credit needs within its assessment area. However, the degree of involvement is limited. The following is a summary of these programs.

- The bank offers an in-house first time homebuyer's program that offers flexible underwriting criteria and qualifying ratios. During the period reviewed, the bank originated 42 loans totaling \$5.3 million.
- The bank is a Small Business Administration (SBA) lender. The bank originated a total of 7 SBA loans totaling \$766,200 during the period reviewed.
- The bank is a participant in the Downtown New Bedford, Incorporated program. In addition to SFTC, nine other area banks participate in this program. The loans are offered at below market rates to viable businesses and real estate projects in Downtown New Bedford. In 2000, the bank originated a loan totaling \$23,000 and in 2001 originated a loan totaling \$168,000.

VI. Fair Lending Policies and Practices

In a review of SFTC's public comment file there was no indication of any complaints pertaining to the bank's CRA performance since the previous examination. Also, a review of the bank's residential loan files gave no indication of any discriminatory practices.

SFTC has a written fair lending policy. According to the guidelines, employees are provided with training appropriate to their job description and their responsibilities. In addition, applicable rules and regulations regarding the Fair Housing Act, ECOA, and the Consumer Protection Act are addressed in the bank's loan policy. This includes information regarding both technical requirements and the more substantive and subtle issues related to unintentional discrimination and quality of assistance.

The bank's staff consists of 135 full time and 50 part time employees. Some members of the bank's staff volunteer their time at a variety of area organizations in need of their training and expertise. SFTC markets its services and products to the community mostly through print media and radio. Due to the nature of the bank, most advertisements are geared towards commercially oriented and/or name recognition advertising. Seminars are also conducted in order to make potential customers aware of the services the bank provides. In addition, there are several employees of the bank who speak a second language such as Portuguese, French, and Spanish, which aids customers and potential customers who may not speak English.

Minority Application Flow

A review of the bank's residential loan application flow was conducted. The purpose of the review is to determine the number of applications the bank received from minority applicants. The bank's minority application flow was compared with the racial composition of the assessment area. In addition, the application flow was compared to the 2000 aggregate data for all other HMDA reporters within the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's application flow.

As indicated in the following table the bank received a total of 518 residential applications from individuals within the assessment area during the review period. A total of 5 applications, or 1.0 percent, was received from minority applicants and 3 were approved.

MINORITY APPLICATION FLOW										
Race	Aggregate Data 2000*		Bank 2000		Bank 2001		Bank 2002**		Bank Total	
	#	%	#	%	#	%	#	%	#	%
Native American	22	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Asian	50	0.3	0	0.0	0	0.0	0	0.0	0	0.0
Black	208	1.2	0	0.0	0	0.0	1	0.7	1	0.2
Hispanic	203	1.2	0	0.0	0	0.0	0	0.0	0	0.0
Joint Race	126	0.7	0	0.0	2	0.9	0	0.0	2	0.4
Other	181	1.0	1	0.7	0	0.0	1	0.7	2	0.4
Total Minority	790	4.5	1	0.7	2	0.9	2	1.5	5	1.0
White	9,428	54.2	133	89.3	221	94.0	122	91.0	476	91.9
NA	7,174	41.3	15	10.0	12	5.1	10	7.5	37	7.1
Total	17,392	100.0	149	100.0	235	100.0	134	100.0	518	100.0

*Source: PCI Services, Inc., CRA Wiz Software. **Year-to-Date 2002

According to the 1990 U.S. Census Data, the bank's assessment area contained a total population of 338,207 individuals. Minority individuals in this area accounted for 6.5 percent of the total population. Aggregate information for 2000, as shown in the above table, indicated that 4.5 percent of the total applications received from all other HMDA reporters were from minority applicants. By comparison, SFTC's minority flows for 2000 is considerably below that of the aggregate. It is also noted that the bank's minority application flow, for each of the calendar years and year-to-date, has been consistently lower than the percentage of minorities within the assessment area.

VII. Loss of Affordable Housing

The bank's lending programs that include community development and flexible underwriting has assisted low- and moderate-income individuals to remain in their neighborhoods.

Conclusion – Lending Test

SFTC's responsiveness to community credit needs is adequate. The majority of the bank's residential and small business loans were originated inside the assessment area. The distribution of loans among borrowers of different income levels and businesses of different sizes is good. In addition, the bank's record of helping to serve the credit needs of low- and moderate-income geographies, low- and moderate-income borrowers, and businesses with gross annual revenues of \$1 million or less is reasonable. The bank's use of innovative and flexible lending programs is marginal, and is similar to programs offered by other institutions. The bank has granted a limited amount of community development loans. The bank's Fair Lending activity is adequate; however its level of minority applications is lower than norm, both in terms of the demographics of the assessment area and performance of aggregate lenders. Based on the all of the above factors, the institution's lending performance is considered "Satisfactory."

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms and activities that revitalize or stabilize low- and moderate-income geographies.

Slade's Ferry Trust Company has demonstrated an adequate responsiveness through its investments. Only .2 percent of total investments is considered to be qualified. In regards to contributions, the majority of contributions have gone to support non-profit organizations that assist low and moderate individuals or neighborhoods, primarily through neighborhood revitalization, youth programs and health and human services. As a result, the bank has been rated Satisfactory in this area.

Qualified Investments

The bank's investment portfolio, as of June 30, 2002, totaled \$93.2 million. This comprised approximately 23.3 percent of total assets. The investments consist primarily, of other mortgage-backed securities and U.S. Government agency obligations. Of the total investments, \$228,827, or 0.2 percent of total investments, is considered to be qualified investments. The following describes the institution's qualified investments

The bank holds two Federal National Mortgage Association (FNMA) mortgage-backed securities. The current book value is \$181,897. The securities consist of 30-year fixed rate residential loans. Both loans were granted to low- and moderate-income borrowers residing within the bank's assessment area.

Charitable Contributions

From January 1, 2000 through June 30, 2002, the bank provided \$267,789 in charitable contributions. These contributions were granted through the Slade's Ferry Trust Company's charitable foundation as well as direct contributions from the bank. Of the total dollar amount granted through direct contributions and the charitable foundation, \$149,269 was made to organizations that promote economic development within low- and moderate-income communities or provide services to low- and moderate-income communities or individuals within the assessment area.

Slade's Ferry Charitable Foundation

As of December 31, 2001, the Slade's Ferry Charitable Foundation's (Foundation) had assets in the amount of \$148,725. Qualified grants made by the Foundation were \$37,500 in 2000. For calendar year 2001, the Foundation's qualified grants totaled \$34,500. As of year-to-date 2002, the Foundation had made qualified grants totaling \$27,500. The following represents a sample of qualified grants made by the Foundation since January 1, 2000.

- **Waterfront Historic Area League (WHALE):** This non-profit corporation is dedicated to promoting the restoration and preservation of areas in and around downtown New Bedford and New Bedford's waterfront district.
- **Boys and Girls Club of Greater New Bedford:** This non-profit organization offers activities for young people up to 18 years of age. The purpose of the club is to provide direction and guidance to disadvantaged young people in the New Bedford area. The club provides a safe environment for youth to participate in various educational, physical, social, and moral development activities.
- **Diocese of Fall River (Catholic Charities):** The bank's grants to this non-profit organization went toward various satellite organizations that support and benefit needy children, families, and elderly individuals in the Greater Fall River Area.

Other Contributions

During the period January 1, 2002 through year-to-date 2002, SFTC made total charitable contributions of \$132,289. Of these, \$49,769, or 0.3 percent of pre-tax net operating income was to qualified community organizations. The following represents a sample of the organizations that received direct contributions from the bank.

- **United Way of Greater Fall River and United Way of Greater New Bedford:** The bank is a major supporter of this agency, which supports numerous member and affiliate agencies that provide health and human services to people in need, including individuals within the bank's assessment area.
- **Consumer Credit Counseling Service:** This non-profit agency counsels individuals experiencing financial hardship and educates consumers about their responsibility in achieving their financial goals. The bank's annual donations assist in this agency's efforts.

Conclusion – Investment Test

The bank's activities since the last CRA report of examination demonstrates that adequate efforts have been undertaken in addressing the local area needs through contributions and grants to local charitable and social service organizations. The bank's use of innovative or complex investments in support of community development initiatives is rare. As a result, Slade's Ferry Trust Company' is found to have made a satisfactory level of qualified grants and charitable contributions during this review period.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

The bank's systems for delivering retail-banking services are accessible to geographies and individuals of different income levels within its assessment area. Retail banking services and products appear to offer consumers the flexibility and convenience expected from an institution of this size. In addition, directors and officers of Slade's Ferry Trust Company have demonstrated a good level of involvement in community organizations located throughout its assessment area and have provided an adequate level of service activity in response to community needs. The following details the institution's services.

RETAIL BANKING SERVICES

Distribution of Branches

Slade's Ferry Trust Company, a Massachusetts chartered institution, is headquartered in Somerset, Massachusetts at 100 Slade's Ferry Avenue, which is designated as a middle-income census tract. In addition to its main office, Slade's Ferry currently operates 10 full service branch offices located in the towns of Fairhaven, Somerset, Swansea and Seekonk, and the cities of Fall River and New Bedford. Of these branch offices, four are located in moderate-income census tracts, six are located in middle-income census tracts

and one is located in an upper-income census tract. Three of the moderate-income census tracts are located in Fall River and one is located in New Bedford. Although there are no offices located within the low-income census tract within the bank's assessment area, the distribution of the bank's offices provides easy access to deposits and loan related services for geographies of all income levels, including low-income geographies.

In addition to the above locations, Slade's Ferry has an educational and training facility at Somerset High School. Under the supervision of bank personnel, the school branch is run by students of the high school during the school year.

The bank also operates a loan production office in Warwick, Rhode Island, which was opened in August of 1999. This office is opened to the public by appointment and provides lending related services, such as loan information and applications.

Record of Opening and Closing Branches

The bank maintains a Branch Closing Policy and a Branch Opening Policy. These policies outline procedures to be followed should the decision be made to close or open an office. No offices have closed or opened since the previous examination.

Alternative Retail Banking Services

Services and hours of operation are competitive and afford accessibility to all segments of the bank's assessment area. Ten of the full service offices offer extended hours during the week and eight offices are open on Saturday.

All but one of the full service offices provides the convenience of a drive up window. The only office that does not offer drive-up service is the Swansea Mall office. Automated Teller Machines (ATMs) are available at nine office locations. The bank's ATMs are linked to the NYCE, Cirrus, and MasterCard networks. Slade's Ferry Trust Company is also a member of the SUM network, which is a surcharge-free alliance of several financial institutions that include over 1,000 ATMs throughout Massachusetts. The bank's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logo.

In 2000, the bank introduced its "Anchor Line", the 24-hour telephone banking service which affords customers the ability to access their accounts. By utilizing the telephone banking system, customers can check account status, transfer funds between accounts, or initiate the paperwork for such transactions as certifying checks and issuing stop payment orders.

Slade's Ferry Trust Company began offering a MasterMoney Debit Card in September 2000. The MasterMoney Debit Card performs all of the same functions as an ATM card but has the advantages of a credit card as well.. When the debit card is used to make

purchases at any merchant displaying the MasterCard symbol, the amount of the purchase is directly withdrawn from the customer's checking account.

In addition to the above delivery systems, the bank offers bank by mail, which enables bank customers to complete banking transactions through the mail. SFTC's web site, www.sladesferry.com, provides information about the bank's deposit services and credit products. The site also provides general banking information including locations and business hours.

Other Retail Services

The bank offers a full range of deposit services designed to fit the needs of individuals, including low- and moderate-income individuals. As a participant in Massachusetts Community and Banking Council's (MCBC) Basic Banking Program, Slade's Ferry Trust Company offers low cost savings and checking accounts to all segments of its assessment area, including those with modest incomes.

Slade's Ferry Trust Company is designated as an "Honor Roll Bank" under the Massachusetts Interest on Lawyers' Trust Accounts (IOLTA) program. Attorneys and law firms maintain these accounts for the short term holding of clients' funds. Interest earned on these accounts is remitted to the IOLTA committee, which distributes funds to local charities to provide low or no cost legal services to low-income individuals. This program benefits over 100,000 low-income individuals a year in the areas of consumer, family, education, disability, and elder services.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for a community development purpose and is related to the provision of financial services. Slade's Ferry Trust Company's endeavors in the area of community development service are considered pro-active. Throughout all levels at the bank, employees are involved in organizations that support the economic development, housing needs, and overall well being of the communities located within the bank's assessment area. The following are examples of organizations that have been assisted by Directors and officers of Slade's Ferry Trust Company:

Two Directors of the bank are on the board of directors of the Fall River Office of Economic Development. This group promotes business to create jobs in the downtown Fall River area. Currently, one of the Directors serves as president.

A bank officer is on the financial incentive committee of the Downtown New Bedford Incorporated. The organization's goal is to revitalize the downtown area by recruiting small businesses to the downtown area as well as promoting the efforts of existing businesses.

This organization also encourages local lenders to finance local business needs and projects.

A Director of Slade's Ferry Trust Company is the chairperson of the Greater New Bedford Industrial Foundation. This organization oversees the New Bedford Industrial Park development. The goal of this private nonprofit organization is to provide permanent employment by attracting new businesses and keeping businesses in the industrial park. Another Director of the bank also serves on the board.

A Director of the bank is on the executive board of the New Bedford Economic Development Council, Incorporated. This organization provides grants and services to disadvantaged small businesses that cannot qualify for conventional bank loans.

A Director of the bank and an officer of the bank both serve as members of the board of People Incorporated, a nonprofit agency providing housing and vocational training for state assisted mentally handicapped individuals and families in the Fall River area.

A Director of the bank is President of Southeastern Economic Development Corporation (SEED). This non-profit, SBA certified corporation, is dedicated to improving the economy of Southeastern Massachusetts by assisting small businesses to start up, expand and create new jobs. SEED provides technical assistance and loans for small businesses that cannot obtain the entire financing they need from banks or other private source. An officer of the bank is a board member and sits on the Loan Review Committee of this organization. Two other officers of the bank also serve as board members of SEED.

A bank officer is a member of the advisory board of the Slade's Ferry Bank Center for Business Research, a center of the Charlton School of Business at the University of Massachusetts Dartmouth. The Slade's Ferry Bank Center for Business Research is an affordable business assistance center dedicated to facilitating the growth of the region's businesses by providing an economic alternative for meeting business needs for research, training, and consulting.

Many other organizations that officers and employees offer their technical expertise include civic, charitable, religious and fraternal organizations located throughout the assessment area. Although all may not qualify as community development, they provide valuable services to the local community.

Educational Services and Seminars

Slade's Ferry Trust Company has conducted and participated in seminars designed to educate consumers about banking and products available to meet their specific needs. These events provide opportunities for bank representatives to inform those in attendance about the products and services that are offered by the bank and to gain information about

credit needs in the community. The bank's involvement since the previous examination is detailed below.

In 2002, the bank participated in MCBC's "Don't Borrow Trouble" campaign by distributing over 4,500 brochures to the bank's retail customers. The brochures warned homeowners about the potential risk of refinancing loans to consolidate credit card bills and of the risks of high cost mortgage loans.

In conjunction with the Fall River Chamber of Commerce and the Southeastern Economic Development Corporation (SEED), Slade's Ferry Trust Company conducted a series of business workshops aimed at assisting potential and existing entrepreneurs. The workshops and materials were provided free of charge. The workshops entitled "Learn the Fundamentals in Planning, Preparing For, and Financing Your Business", and "Understanding the Purpose of Financial Statements and How They Can Help Determine the Health of Your Business", were both held at the bank's main office on October 24, 2001, and November 7, 2001, respectively.

On November 6 and 7, 2001, Slade's Ferry Trust Company participated in an Estate Planning Seminar. This free seminar addressed the changes in the tax law. These seminars were sponsored by Investors MarketPlace and moderated by Slade's Ferry Trust Company's President. Investors MarketPlace is located at Slade's Ferry Trust Company and offers the bank's customers the onsite convenience of an office of Essex Corporation and its affiliate, Essex National Securities, Inc. a full service brokerage firm, and Essex National Insurance Agency, Inc.

On October 17, 2000, the bank conducted a free "Private Mortgage Insurance" seminar. Full details of the requirements for private mortgage insurance and the changes in the Federal Homeowners Protection Act were discussed.

The bank also participates in the Commonwealth of Massachusetts' educational program "Savings Makes Cents" with the Somerset Middle School. Management's goal is to educate the students on the basics of money management. As part of this program, the bank sponsored a field trip to the Federal Reserve Bank in Boston. Students who benefit from this program are representative of families from all income levels, including low- and moderate-income.

Conclusion - Service Test

As depicted above, Slade's Ferry Trust Company's systems for delivering retail-banking services are accessible to geographies and individuals of different income levels in its assessment area, including those of low- and moderate-income. The bank's Directors and officers have provided a good level of service activities primarily for community development purposes and related to the provision of financial services. Therefore, the bank's service activities receive a rating of satisfactory.

APPENDIX A

SCOPE OF EXAMINATION

Slade's Ferry Trust Company

SCOPE OF EXAMINATION: The examination included an on-site analysis of all CRA and HMDA reported loans for the period noted below.

Residential aggregate loan data was reviewed during the examination and included comparative loan data among competing institutions. SLADE'S FERRY TRUST COMPANY has one assessment area, which was reviewed using the large bank examination procedures.

TIME PERIOD REVIEWED: January 1, 2000 – August 27, 2002

PRODUCTS REVIEWED: Small Business Loans and HMDA-reportable Loans

METROPOLITAN AREAS

DESCRIPTION OF OPERATIONS IN PROVIDENCE-FALL RIVER-WARWICK, RI-MA MSA:

The bank maintains 8 full-service banking offices throughout the 6 assessment area municipalities that fall within the Providence-Fall River-Warwick RI-MA MSA. The bank also operates a limited-service facility in a local public school.

The Providence-Fall River-Warwick RI-MA MSA portion of the bank's assessment area includes six of the thirteen cities and towns that comprise the assessment area. These communities include Tiverton in Rhode Island and Fall River, Somerset, Swansea, Seekonk, and Westport in Massachusetts. This portion of the bank's assessment area is comprised of 34 census tracts, which represents 44.2 percent of the total number of census tracts in the assessment area as a whole. The census tracts include one low-income, sixteen moderate-income, fourteen middle-income, and three upper-income census tracts. The low-income census tract is located in the City of Fall River and contains no owner-occupied housing units. Virtually all of the housing in that tract consists of renter-occupied multifamily housing units.

According to 1990 U.S. Census data, the assessment area portion within the MSA has a permanent population of 166,979 individuals residing in 63,913 households. Of these households, 29.7 percent are low-income, 15.1 percent are moderate-income, 19.0 percent are middle-income, and 36.2 percent are upper-income.

According to 1990 U.S. Census data, the assessment area portion the MSA has 34,586 owner-occupied housing units. Approximately 66.1 percent of the owner-occupied housing is located in the middle-income census tracts.

According to 2001 Business Geodemographic data, the area has 6,383 business establishments. The businesses are heavily concentrated in the service and retail trade industries. Approximately 84.9 percent of the business establishments had gross annual revenues under \$1 million. In terms of location, approximately half of the establishments are in middle-income census tracts with an additional 33.9 percent in moderate-income areas.

METROPOLITAN AREAS

DESCRIPTION OF OPERATIONS IN NEW BEDFORD, MASSACHUSETTS, MSA:

The bank maintains three full-service banking offices throughout the seven assessment area municipalities that fall within the New Bedford, Massachusetts MSA.

The New Bedford, Massachusetts MSA portion of the bank's assessment area includes seven of the thirteen cities and towns that comprise the assessment area. This area includes the cities and towns of Acushnet, Dartmouth, Fairhaven, Freetown, Mattapoisett, New Bedford, and Rochester, Massachusetts. This portion of the assessment area is comprised of 43 census tracts that represent 55.8 percent of the total census tracts in the assessment area as a whole. They include 1 low-income, 13 moderate-income, 23 middle-income, and 6 upper-income census tracts.

According to 1990 U.S. Census Data, the assessment area portion of the MSA has a permanent population of 171,228 residing in 63,913 households. Of these households, 27.8 percent are low-income, 13.8 percent are moderate-income, 17.8 percent are middle-income, and 40.7 percent are upper-income.

According to 1990 U.S. Census Data, the assessment area portion of the MSA has 37,005 owner-occupied housing units. Approximately 60.1 percent of the owner-occupied housing is located in the middle-income census tracts.

According to 2001 Business Geodemographic Data, the area has 6,098 business establishments. The businesses are heavily concentrated in the service and retail trade industries. Approximately 87.5 percent of the business establishments had gross annual revenues under \$1 million. In terms of location, approximately half of the establishments are located in the middle-income census tracts with the balance fairly evenly divided between the moderate-income census tracts with the balance fairly divided between the moderate-income and upper-income census tracts.

CONCLUSIONS WITH RESPECT TO THE PERFORMANCE TESTS IN THE PROVIDENCE-FALL RIVER-WARWICK RI-MA AND NEW BEDFORD, MA, MSAs:

Slade's Ferry Trust Company's lending activity, investment activity and, in particular, service performance in each assessment area portion of the MSAs is similar to its

performance in the entire assessment area. Please refer to the individual conclusions of each performance test.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

SLADE'S FERRY TRUST COMPANY

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **AUGUST 27, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area , each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

